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DE RUEHBJ #1970/01 2900844  
ZNR UUUUU ZZH  
P 170844Z OCT 06  
FM AMEMBASSY BEIJING  
TO RUEHC/SECSTATE WASHDC PRIORITY 9979  
INFO RUEHOO/CHINA POSTS COLLECTIVE  
RUEATRS/DEPT OF TREASURY WASHDC  
RUCPDOG/USDOC WASHDC  
RUEHRC/DEPT OF AGRICULTURE WASHDC  
RUEHC/DEPT OF LABOR WASHDC  
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TREASURY FOR OASIA/CUSHMAN  
USDA/ERS FOR LOHMAR, TUAN, SYLVANA LI  
USDOL FOR ILAB

E.O. 12958: N/A  
TAGS: [ECON](#) [EAGR](#) [ELAB](#) [PGOV](#) [SOCI](#) [CH](#)  
SUBJECT: BOOSTING RURAL INCOMES: THE CASE OF TOURISM IN  
HUNAN

SUMMARY

1. (SBU) Tourism has emerged as an important source of non-farm income in Hunan Province and may account for as much as 50 to 60 percent of rural incomes in tourist destinations in Hunan's countryside. Provincial officials, motivated by this trend, plan to provide additional resources to expand the sector. Discussions with officials from other provinces underscore a more general and widespread interest promoting domestic tourism in China's rural areas. During a visit to Mao Zedong's hometown, Shao Shan, local officials and farmers told Econoff that the livelihoods of the region's residents are largely dependent upon tourism, or as one farmer stated, Shao Shan "still depends on Chairman Mao." END SUMMARY.

TRAVEL TO HUNAN

2. (SBU) Shang Bin, Director of Planning and Financial Division, Hunan Provincial Tourism Bureau, met with Econoff in Changsha on September 25 and discussed recent developments in the province's tourism sector. Econoff met with Xiangtan Municipal Tourism Bureau officials in Shao Shan on September 28 and interviewed farmers and shopkeepers in Shao Shan on September 28 and 29.

RED, YELLOW, OR GREEN, HUNAN HAS LOTS OF PLACES TO BE SEEN

3. (SBU) Shang stated that tourism is developing quickly in Hunan's rural areas, accounting for 6.9 percent of the province's GDP in 2005. According to Shang, there are three types of tourism: (1) "Red" tourism to Communist Party "revolutionary" destinations, (2) "Yellow" tourism to imperial destinations, including the tombs of Emperors Yan and Shun, and (3) "Green" tourism to ecological tourism destinations, including Zhangjiajie. Hunan is a particularly important Red tourism destination, with 12 of the country's 120 Red tourism sites, including Mao Zedong's hometown, Shao Shan. Tourists to Red tourism sites have increased dramatically in recent years, and the number of visitors to Shao Shan, for example, grew by 50 percent from 1 million to 1.5 million between 2000 and 2005.

14. (SBU) The majority of tourists to Hunan Province are Mainland Chinese travelers, with some Japanese and Korean tourists as well, Shang stated. Local governments want to boost rural incomes by encouraging domestic tourists, who have more disposable income than ever before, to visit rural areas and spend money on hotel rooms, food, tour guides, and souvenirs. Shang said that Hunan Province has not been as successful attracting foreign tourists, but the province is actively promoting ecological destinations in order to do so.

15. (SBU) Shang emphasized how tourism in rural areas boosts farmer incomes. He offered the optimistic view that even in areas such where only a few hundred thousand people directly receive an income boost from tourism, there may be a few million rural residents who benefit indirectly through improved infrastructure or wider availability of other public goods.

16. (SBU) Hunan is not the only province promoting tourism destinations in rural areas, and the province's experiences represent a national trend towards encouraging domestic tourism. Yang Shengdao, Director of the Henan Provincial Tourism Bureau, told Econoff in March 2006 that Henan, as the "origin of Chinese civilization" has a unique opportunity to attract tourists, but that the province sees itself in fierce competition with other provinces for limited tourist revenues. Henan Province therefore is aggressively promoting its tourism sector, and Yang, for example, spends most of the year traveling to other parts of China to promote the Shaolin temple (famous for martial arts) and other noteworthy tourist destinations in the

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province. The goal of promoting tourism in the countryside, Yang said, is to help boost rural incomes.

RED TOURISM IN SHAO SHAN: STILL DEPENDING ON CHAIRMAN MAO  
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17. (SBU) According to officials at the Xiangtan Municipal Tourism Bureau, per capita income for the 102,000 residents of Shao Shan (which falls under Xiangtan Municipality) increased from RMB 6000 (USD 750) to RMB 9928 (USD 1241) between 2000 and 2005 with Shao Shan's rural resident incomes growing from RMB 2936 (USD 367) to RMB 5150 (USD 643) during the same period. As much as 80 percent of Shao Shan's population is engaged in tourism, the officials said, with many of them working part-time on small farm plots and part-time in the tourism industry. With tourism as the primary driver, Shao Shan's GDP grew by 34 percent in 2005.

18. (SBU) Although still farmers in name, many of Shao Shan's residents interviewed by Econoff said that their primary occupation is now tourism-related. Many young shopkeepers said that while they have relatives (including parents or siblings) who are farmers, they enjoy a more relaxed life and earn more money by selling Mao trinkets in roadside stands. For others, the tourism industry is a lifeline and an escape from a much harder life. One farmer told Econoff that she derives approximately 60 percent of her income from hawking Mao pins with the remainder of her income dependent on growing rice. She said that without the tourism revenue, it would be difficult to survive on agricultural production alone. "You could say that we still depend on Chairman Mao," she said.

COMMENT  
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19. (SBU) People all too quickly sum up China's countryside as the home of 800 million poor farmers, but the reality is far more nuanced, involving widespread migration to large cities and rural residents living urban lifestyles in large towns with increasing reliance on non-farm income. Local

government's efforts to expand tourism--even though it remains a small share of provincial GDP--illustrate the importance that they attach to boosting non-farm income and the recognition that agriculture alone will not help rural residents narrow the rural-urban income gap. END COMMENT.

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